

Message Text

PAGE 01 STATE 248978

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DRAFTED BY COM/BEWT/EE/JBURGESS/SM

APPROVED BY EB/CSB/OSB - MR. A.D. BRAMANTE

COM/BEWT/EE/BR SARICH

COM/BEWT/OJCS/JMGEORGE

COM/BEWT/OD/ATDOWNEY

STATE/EUR/EE/RCHRISTENSEN

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O 202129Z OCT 75

FM SECSTATE WASHDC

TO AMEMBASSY BUCHAREST IMMEDIATE

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E.O. 11652: N/A

TAGS: EEW, RO

SUBJECT: SECOND SESSION OF THE AMERICAN-ROMANIAN
ECONOMIC COMMISSION -- UP-DATE

REF: (A) BUCH 4711 (B) STATE 227453 (C) STATE 206111

(D) BUCH 4895 (E) STATE 237416

1. AFTER DISCUSSION BETWEEN COM/BEWT AND GOR EMBASSY
OFFICIALS AGENDA FOR SUBJECT MEETING WAS REVISED FROM
REF (B) AS FOLLOWS:

A. ECONOMIC, INDUSTRIAL AND TECHNICAL COOPERATION AND
JOINT VENTURES

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PAGE 02 STATE 248978

1. LONG-TERM ECONOMIC AGREEMENT

2. POSSIBLE AREAS FOR JOINT COOPERATION, INCLUDING
INVESTMENTS

3. INDUSTRIAL WORKING GROUPS

4. JOINT VENTURE REGULATIONS--EFFECTS ON IMPLEMENTATION

5. ROMANIAN INDUSTRIAL SPECIALIST TRAINING

6. REPORT OF U.S.-ROMANIAN ECONOMIC COUNCIL

7. EXCHANGE OF INFORMATION ON WAYS TO DEVELOP FURTHER
ECONOMIC COOPERATION

B. EXCHANGE OF INFORMATION ON BUSINESS PRACTICES AND
FACILITIES

1. ESTABLISHED CRITERIA AND FACILITIES AND SERVICES
OFFERED BY ROMANIA FOR FOREIGN COMMERCIAL PERSONNEL AND
OPERATIONS

2. PROBLEMS OF ESTABLISHING A COMMERCIAL OFFICE IN
ROMANIA FOR U.S. COMPANIES

3. MARKET ACCESS

4. CONTRACT FULFILLMENT

5. TAX CONVENTION

C. IMPROVEMENT OF U.S.-ROMANIAN TRADE AND OTHER
COMMERCIAL MATTERS

1. PROMOTION OF U.S.-ROMANIAN TRADE

2. GENERALIZED SYSTEM OF PREFERENCE (GSP)

3. BILATERAL AIR WORTHINESS AGREEMENT

4. EXCHANGE OF ECONOMIC INFORMATION

- RECIPROCAL EXCHANGE OF MARKET ANALYSIS DATA

5. FINANCIAL MATTERS

A. EXIMBANK ISSUES

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PAGE 03 STATE 248978

B. MARINE CARGO INSURANCE

C. AVAILABILITY OF CCC CREDITS

6. MULTILATERAL TRADE NEGOTIATIONS AND POST AGREEMENT
ISSUES

COMMENT: SUBSTANTIVELY THERE ARE NO MAJOR CHANGES FROM
AGENDA PER REF (B) OTHER THAN: DROPPING OF FORMER
ITEM A.4 "COOPERATION IN SCIENTIFIC RESEARCH AND
TECHNOLOGY" -- DONE SURPRISINGLY AT GOR REQUEST;
DROPPING OF FORMER ITEM E.1 "MARITIME AGREEMENT" --
WHICH BOTH SIDES NOW FEEL WOULD BE A

REDUNDANT AGENDA ITEM IN VIEW OF MARITIME TALKS TO TAKE PLACE AT SAME TIME IN BUCHAREST; AND ADDITION OF NEW ITEM 5.C "AVAILABILITY OF CCC CREDITS". MAJOR CHANGES ARE IN FORM OF THE AGENDA WITH FORMER ITEMS C THROUGH G NOW RE-SHUFFLED AND INDICATED AS ITEMS 1-6 UNDER NEW HEADING C. THIS CHANGE AND THE RE-ORDERING OF ITEMS 1-7 UNDER HEADING A BOTH DONE AT GOR REQUEST -- COM/BEWT FEELING IS THAT ALL ITEMS WILL RECEIVE FULL TREATMENT AT WORKING GROUP LEVEL AND THAT ORDER IN WHICH THEY ARE PRESENTED IN THE AGENDA IS NOT PARTICULARLY IMPORTANT EVEN IF THE ROMANIANS MAY THINK SO. WE ANTICIPATE NO FURTHER CHANGES BY THE GOR AT THIS TIME.

2. DRAFT SCENARIO FOR SECOND SESSION IS AS FOLLOWS:

NOVEMBER 3, 1975

1ST PLENARY SESSION

9:30 A.M.

1. WELCOME, OPENING OF SESSION AND INTRODUCTION OF U.S. MEMBERS OF DELEGATION --

ROGERS C. B. MORTON, CO-CHAIRMAN

2. RESPONSE BY ROMANIAN CO-CHAIRMAN, INCLUDING INTRODUCTION OF ROMANIAN MEMBERS OF DELEGATION
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PAGE 04 STATE 248978

3. FORMAL ACCEPTANCE OF AGENDA

4. STATE OF AFFAIRS IN AMERICAN-ROMANIAN TRADE AND ECONOMIC RELATIONS

A. REVIEW OF AFFAIRS IN AMERICAN-ROMANIAN TRADE AND ECONOMIC RELATIONS --

ROGERS C. B. MORTON

B. RESPONSE BY ROMANIAN CO-CHAIRMAN

5. WORKING GROUP ASSIGNMENTS

A. GROUP 1 - ECONOMIC, INDUSTRIAL AND TECHNICAL COOPERATION AND JOINT VENTURES -- AGENDA ITEM A

B. GROUP 2 - EXCHANGE OF INFORMATION ON BUSINESS PRACTICES AND FACILITIES -- AGENDA ITEM B

C. GROUP 3 - IMPROVEMENT OF U.S.-ROMANIAN TRADE AND

OTHER COMMERCIAL MATTERS

6. REPORT OF THE U.S.-ROMANIAN ECONOMIC COUNCIL

7. ADJOURNMENT OF 1ST PLENARY SESSION

NOVEMBER 3, 1975

WORKING GROUP MEETINGS

2:00 P.M.

GROUP

1. ECONOMIC, INDUSTRIAL AND TECHNICAL COOPERATION AND
JOINT VENTURES

U.S. CO-CHAIRPERSON: (UNDETERMINED AT THIS TIME)

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ROMANIAN CO-CHAIRPERSON:(UNDETERMINED AT THIS TIME)

2. EXCHANGE OF INFORMATION ON BUSINESS PRACTICES AND
FACILITIES

U.S. CO-CHAIRPERSON: (UNDETERMINED AT THIS TIME)

ROMANIAN CO-CHAIRPERSON:(UNDETERMINED AT THIS TIME)

3. IMPROVEMENT OF U.S.-ROMANIAN TRADE AND OTHER
COMMERCIAL MATTERS

U.S. CO-CHAIRPERSON: (UNDETERMINED AT THIS TIME)

ROMANIAN CO-CHAIRPERSON:(UNDETERMINED AT THIS TIME)

NOVEMBER 4, 1975

9:30 A.M.

WORKING GROUP MEETINGS

GROUP

1. INDUSTRIAL COOPERATION AND JOINT VENTURES

2. GENERAL COMMERCIAL MATTERS

3. BUSINESS FACILITATION

2:00 P.M.

2ND PLENARY SESSION

1. REPORTS OF WORKING GROUPS TO THE COMMISSION AND
ACCEPTANCE BY THE COMMISSION

2. FORMAL SIGNING OF AGREED MINUTES AND APPROVAL
OF JOINT COMMUNIQUE

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PAGE 06 STATE 248978

3. ADJOURNMENT OF 2ND PLENARY SESSION

4:30 P.M.

PRESS CONFERENCE

3. RE AGENDA ITEMS B.; AND B.2 PER PARA 1 ABOVE -
AFTER DISCUSSING WITH EMBASSY OFFICIAL R. SCISSORS
COM/BEWT HAS PRESENTED GOR FOLLOWING LIST OF ISSUES
WE CONSIDER MOST IMPORTANT TO DISCUSS RE BUSINESS
FACILITATION AT COMMISSION MEETING:

RELATING TO FOREIGN COMMERCIAL PERSONNEL IN ROMANIA --

1. THE PROVISION AND FINANCING BY THE ROMANIANS OF
ADEQUATE HOUSING FACILITIES AND THE TIMELY COMPLETION O
NECESSARY IMPROVEMENTS, INCLUDING THE PROVISION OF ALL
NECESSARY SUPPORT SERVICES (E.G. TELEPHONE INSTALLATION,
ETC.).

2. THE FACILITATION OF AND DUTY REBATES ON IMPORT/
RE-EXPORT OF PERSONAL ITEMS OF THE U.S. PERSONNEL .O'
CARS, SPARE PARTS, MEDICINES, FOOD, HOUSE APPLIANCES,
ETC.), INCLUDING SALE/TRANSFER TO FOREIGN NATIONALS IN
ROMANIA.

3. A UNIFORM POLICY PROVIDING FOR PREFERENTIAL TREAT-
MENT FOR U.S. PERSONNEL RELATING TO ASSESSMENT OF
LICENSE FEES, TAXES AND ISSUE OF PLATES FOR MOTOR
VEHICLES AS WELL AS OTHER TAXES LEVIED ON PERSONNEL
EFFECTS AND THEIR USE.

4. THE PROVISION OF SPECIAL PRIVILEGES AND RATES
NORMALLY RESERVED TO MEMBERS OF THE DIPLOMATIC COMMUNITY
FOR USE OF DIPLOMATIC CLUB, STORE AND CLINIC FACILITIES.

5. THE FACILITATION OF DOMESTIC AND INTERNATIONAL
TRAVEL BY U.S. PERSONNEL THROUGH ISSUANCE OF MULTI-ENTRY/
EXIT VISAS.

RELATING TO COMMERCIAL OFFICES IN ROMANIA --
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PAGE 07 STATE 248978

1. THE PROMULGATION OF UNIFORM AND FAVORABLE EXCHANGE RATES FOR ALL FORMS OF COMMERCIAL ACTIVITIES AND REPRESENTATION.

2. CONCERNING THE ESTABLISHMENT AND ACCREDITATION OF U.S. COMMERCIAL OFFICES IN ROMANIA, PROVISION FOR A REASONABLE COST STRUCTURE THAT WILL ALLOW U.S. FIRMS TO AFFORDABLY SET UP OPERATIONS IN ROMANIA WITHOUT HAVING TO INITIALLY HAVE A LARGE VOLUME OF BUSINESS THERE.

3. THE EXPEDITIOUS PROVISION OF SUITABLE OFFICE FACILITIES, COMMUNICATION AND OTHER SUPPORT SERVICES, AS WELL AS APPROPRIATE ASSISTANCE FOR IMPROVEMENTS AND/OR MODIFICATION OF EXISTING FACILITIES.

4. THE FACILITATION OF AND DUTY REBATES ON ALL IMPORTS (AND RE-EXPORTS, IF APPLICABLE) OF OFFICE EQUIPMENT, SUPPLIES, SPARE PARTS, MOTOR VEHICLE, ETC.

5. THE ASSESSMENT OF UNIFORM REASONABLE TAX FEES ON OFFICE PREMISES AND THEIR PERSONNEL, WHICH SHOULD BE COMPETITIVE WITH THOSE ASSESSED IN OTHER COUNTRIES.

6. THE PROVISION OF INFORMATION REGARDING PRIVILEGES AND SERVICES THAT SHALL HAVE BEEN ACCORDED TO NATIONALS OF OTHER COUNTRIES WITH RESPECT TO AECREDITED COMMERCIAL FACILITIES.

7. THE RIGHT OF U.S. MANAGERS TO PARTICIPATE MEANINGFULLY IN THE SELECTION OF LOCAL PERSONNEL WITHOUT THE ASSESSMENT OF UNREASONABLE EMPLOYMENT FEES, AS WELL AS THE RIGHT TO DISMISS LOCAL EMPLOYEES FOR CAUSE.

8. THE RIGHT TO SET SALARY LEVELS OF LOCAL EMPLOYEES ON THE BASIS OF WORK FUNCTION AND PERFORMANCE, AND NOT ON THE BASIS OF THEIR EDUCATIONAL QUALIFICATIONS.

9. THE RIGHT OF LOCAL PERSONNEL OF U.S. FIRMS TO FREELY TRAVEL ABROAD IN THE NORMAL COURSE OF COMPANY BUSINESS (E.G. FOR TRAINING AND COMMERCIAL CONSULTATIONS).

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PAGE 08 STATE 248978

10. PERMISSION FOR U.S. FIRMS TO PAY SALARIES TO ROMANIAN EMPLOYEES WITH LOCAL CURRENCY GENERATED FROM ACTIVITIES

THERE.

COMMENT: GOR SPECIFICALLY REQUESTED GUIDANCE RE THESE TWO AGENDA ITEMS IN ORDER TO PREPARE FOR COMMISSION. ANY FURTHER EMBASSY COMMENTS RE THESE ITEMS WOULD BE APPRECIATED.

. RE PATAN VISIT TO U.S. COMPANIES DURING WEEK OF OCTOBER 26-NOVEMBER 1, FODOR IN NEW YORK STILL DEVELOPING DETAILS. PRESENT SCHEDULE AS COMMUNICATED BY FODOR APPEARS QUITE AMBITIOUS AND VERY TIRING ONE FOR PATAN. PER PARA 2 REF (E) TENTATIVE CHANGES (STILL SUBJECT TO PATAN APPROVAL) ARE AS FOLLOWS:

" MEETING WITH GM INTERNATIONAL
10/27 - NEW YORK: ADD MEETING WITH GM INTERNATIONAL
10/28 - PITTSBURG: MEETING WITH U.S. STEEL AND POSSIBLY ALLEGHENY STEEL AND ROCKWELL INDUSTRIES
10/28 - DETROIT: MEETING WITH GM
10/29 - CHICAGO: SAME AS IN REF (E)
10/30 - (MORNING) - SEATTLE: MEETING WITH BOEING
10/30 - (AFTERNOON AND EVENING) - SAN FRANCISCO: MEETINGS WITH BANK OF AMERICA AND HEWLETT-PACKARD
10/31 - LOS ANGELES: SAME AS IN REF (E)
11/1 - RETURN TO WASHINGTON FOR ACTIVITIES HERE.

ALSO, GOR OFFICIALS TODAY INFORMED US PATAN WILL DEPART WASHINGTON FOR BUCHAREST VIA NEW YORK ON 11/4 AT 7:00 P.M. THIS WILL NECESSITATE SOME ADJUSTMENTS IN 4:30 P.M. PRESS CONFERENCE REFERRED TO PER ITEM 2 ABOVE.
COM/BEWT STAYING IN CLOSE TOUCH WITH SCISSORS TO FACILITATE HIS PARTICIPATION IN THIS TRIP.

5. RE GOR DELEGATION TO COMMISSION MEETING AND PER PARA 3 REF (E), COM/BEWT REQUESTS FOLLOWING INFO A.S.A.P. IN ORDER TO PLAN FOR WASHINGTON BASED EVENTS.
SIZE AND NAMES OF DELEGATION?
B. HOW MANY AND WHO WILL ACCOMPANY PATAN?
C. WHEN DOES REMAINDER OF DELEGATION PLAN TO ARRIVE IN WASHINGTON?
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PAGE 09 STATE 248978

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D. WILL MS. PATAN ACCOMPANY THE DEPUTY PRIME MINISTER?

6. AS FOLLOW UP TO 10/1 SESSION PER REF (E) DAS DOWNEY AND OTHER BEWT OFFICIALS MET AGAIN WITH AMBASSADOR BOGDAN ACCOMPANIED BY FIRST SECRETARY MIRCEA IORDACHESCU ON 10/16. BOGDAN SHED SOME LIGHT ON VISIT BY INDICATING POSSIBLE COMPOSITION AS INCLUDING DEPARTMENT HEADS FROM CHEMICAL, MACHINE BUILDING, LIGHT INDUSTRY AND FOREST ECONOMY MINISTRIES. HE ALSO

MENTIONED THE LIKELIHOOD OF NUCLEAR RESEARCH SPECIALIST
BEING INCLUDED IN THE DELEGATION.

BOGDAN ALSO REQUESTED FOLLOWING INFO:

A. STATUS OF USG COUNTER PROPOSAL TO GOR DRAFT LONG-
TERM ECONOMIC AGREEMENT AND WHEN GOR COULD EXPECT OUR
DRAFT: DAS DOWNEY AGAIN INFORMED AMBASSADOR THAT
USG WOULD TABLE ITS DRAFT AT COMMISSION MEETING BUT
THAT SUBSTANTIVE DISCUSSIONS WOULD NOT TAKE PLACE AT
THAT TIME. WE DID STATE THAT IF OUR DRAFT WAS READY
WE MIGHT PROVIDE ADVANCE COPY TO GOR ONE OR TWO DAYS
BEFORE THE COMMISSION SESSIONS.

B. STATUS OF GSP: DAS DOWNEY INFORMED AMBASSADOR THAT
STATE DEPARTMENT WORKING ON THE PROPERTY CASE ISSUE AND
EXPECTS IT TO BE RESOLVED SOON. HE ADDED THAT STATE
DEPARTMENT IS STILL IN PROCESS OF OBTAINING ANSWERS
TO SEVERAL QUESTIONS.

C. STATUS OF AIR WORTHINESS AGREEMENT (BOGDAN INDICATED
GOR IS READY TO SIGN): DAS DOWNEY INFORMED AMBASSADOR
THAT USG IS STILL WAITING FOR ROMANIAN SIDE TO RESPOND
TO FAA INFO NEEDS AND ON-SITE INSPECTION.

D. POSSIBILITY OF CCC CREDITS: DAS DOWNEY NOTED
BUDGETING CONSTRAINTS RE CREDITS AT THIS TIME.

E. NUCLEAR COOPERATION: NO REAL DISCUSSION HERE.
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PAGE 10 STATE 248978

BOTH SIDES UNDERSTAND PRESENT STATUS OF THIS ISSUE.
GOR CURRENTLY DISCUSSING WITH STATE AND ERDA.

7. RE EMBASSY REQUEST PER PARA 2 REF (A), COM/BEWT
HAS FORWARDED REQUEST, UNDER SECRETARY MORTON'S
SIGNATURE, TO WHITE HOUSE FOR 15 MINUTE COURTESY VISIT
FOR DEPUTY PRIME MINISTER PATAN WITH PRESIDENT FORD.
IF PRESIDENT FORD UNABLE TO SEE PATAN WE HAVE ASKED FOR

SAME TYPE OF MEETING WITH VICE PRESIDENT ROCKEFELLER.
AT THIS POINT WE HAVE NO WORD FROM WHITE HOUSE BUT ARE
MONITORING REQUEST CLOSELY. INGERSOLL

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